

CURRENT USE BOARD  
PUBLIC FORUM - NOTES

**DATE:** November 18, 2013

**LOCATION:** Keene, NH

**BOARD MEMBERS:**

Senator David Pierce ~ <i>Absent</i>	Representative Janet Wall ~ <i>Absent</i>
Stephan Hamilton, NHDRA, Chairman	Jon Wraith, UNH Life Science & Agriculture ~ <i>Absent</i>
Lorraine Merrill, NH Dept. of Agriculture ~ <i>Absent</i>	Susan Francher, NHDRED, Forests and Lands
Carol Andrews, NHACC	Lindsay Webb, NH Fish & Game ~ <i>Absent</i>
Tom Mullin, Assessing Official, City	Scott Bartlett, Assessing Official, Population >5,000
Gary Karp, Assessing Official, Population <5,000 ~ <i>Absent</i>	
David Tellman, Public Member, Forest Land ~ <i>Absent</i>	Tom Thomson, Public Member ~ <i>Absent</i>
Chuck Souther, Public Member, Farm Land	

**MEMBERS of the PUBLIC:**

Scott Dickman, NHDRA	Jonathan Horton, NHDRED, Forests and Lands
Michelle Degree	Dennis McKenney, NHTOA
Richard Fairweather, Lempster	John Salo
Sandy Salo	Marry Collman
John Jordan, Hancock	Kurt Grassett, Hancock

Chairman Hamilton briefly summarized the annual process of establishing the proposed ranges of value, the scheduling of three public forums to receive input from the public and the rulemaking process through the Joint Legislative Committee on Administrative Rules (JLCAR).

**Proposed Assessment Ranges**

Chairman Hamilton stated the current use program is designed to determine the value of the income-producing capability of the land that qualifies for current use which is broken out into two categories, agricultural and forest land. The agricultural assessment is determined by calculating the SPI of the land to determine its value between the current ranges of \$25-\$425 per acre. The board is not proposing a change to this category; however comments about the agricultural land value model or ranges are welcome.

**Question:** What defines a current use property that does not produce a product? How does a property lose its current use status?

Chairman Hamilton stated typically current use is applied to property, in most cases of 10 acres or more, whose owners request it by submitting an application. A smaller parcel may qualify if it produces a crop that generates sales of \$2,500 or more annually. Once the current use status is received for a smaller parcel and it does not generate sales of \$2,500 or more annually, the current use status may be removed.

The intent of the current use program is to preserve open space by protecting it from development in exchange for a lower assessment. It cannot be removed unless a disqualifying event such as building a home or a road or creating a subdivision occurs, which would cause that portion of the land to be removed from current use. When this happens a 10% tax on the market value of the land being removed is applied. Towns also receive a 10% tax on timber when it is cut.

**Question:** Why isn't there a minimum and how does the board come up with the current use values?

Chairman Hamilton replied the current use program assigns a value, particularly in the forest categories, to the income-producing capability of the land; the underlying land is exempt from taxation. This process was structured by the legislature in the 1970s and led to a change in the constitution, which allow for the process of this current use assessment.

Hancock Selectmen Jordan stated that 82% of Hancock is in current use and when you lower the values of the current use land, it puts a burden on the few taxpayers in the town. We are seeing everything go up but our revenues and it doesn't seem that the land in current use is coming close to paying its way.

Mr. Grasset, Hancock Public Works Director, stated it costs the same amount to maintain roads in front of forest land as it does in front of houses and asked if the board had considered the cost of access for the activities that go along with current use such as biking, camping, farming and forestry. Legal limits for logging trucks have gone from 60,000 to over 100,000, which dramatically impacts how the town has to maintain roads; the same roads but with increasing fuel and asphalt costs as well as stricter regulations. It costs the town \$8-\$10 thousand per mile (using a lineal calculation) annually to maintain the roads while it receives only \$10,000 in timber tax. These costs need to be considered when setting these rates.

Chairman Hamilton indicated many of those factors are included in the valuation model. Fuel is an important aspect and drives the value of the timber product and by law this land has to be valued at its income-producing capability meaning how much of a profit can you make for growing trees and harvesting them.

When fuel prices are high for the town to maintain the roads they are also high for the logger who is trying to make a living off of the land as well. That is one element that has to be considered and we see that reflected in the value of that product. The demand for timber has decreased causing the value of timber to decrease.

Mr. McKenney, a consultant forester and President of the NHTOA (*New Hampshire Timber Owners Association*), spoke to the equity issue between current use landowners and non-current use landowners. He stated the town has a responsibility to make sure current use landowners are in compliance with the law. They can do this by making sure the land use change tax is collected when land comes out of current use; that complete documentation is on file at the town office for those owners in the documented stewardship category; and that there are no posted signs on the property of owners receiving the recreation adjustment, and by doing this, it is more equitable for those owners not in current use.

Chairman Hamilton stated the board has heard similar concerns with the low end of the ranges in the past. In the process of developing a new valuation model, which began six years ago, several issues were addressed. The structure of the model was incorrect, the set of rights being valued were incorrect and species that should have been included in the hardwood category were included in the all other category which resulted in the all other category having higher values than the hardwood category. After a brief discussion, Chairman Hamilton summarized the proposed assessment ranges.

Cub 304.07 Assessment Ranges for Forest Land Categories. The assessment ranges for forest land categories without documented stewardship shall be as follows:

- (a) The category of white pine shall [~~\$118 to \$177~~] **\$105 to \$158** per acre;
- (b) The category of hardwood shall be [~~\$43 to \$65~~] **\$40 to \$61** per acre; and
- (c) The category of all other shall be [~~\$31 to \$47~~] **\$30 to \$45** per acre.

Cub 304.08 Assessment Ranges for Forest Land Categories with Documented Stewardship. The assessment ranges for forest land categories with documented stewardship shall be as follows:

- (a) The category of white pine shall be [~~\$87 to \$131~~] **\$63 to \$95** per acre;
- (b) The category of hardwood shall be [~~\$21 to \$32~~] **\$24 to \$36** per acre; and
- (c) The category of all other shall be [~~\$10 to \$15~~] **\$18 to \$27** per acre.

Cub 304.13 Assessment Range for Unproductive Land. The assessment for unproductive land shall be \$[~~40~~]**18** per acre.

Cub 304.14 Assessment Range for Wetland. The assessment for wetland shall be \$[~~40~~]**18** per acre.

Selectmen Jordan asked how the differential between the forest land and forest land with documented stewardship categories was determined. He added having a harvest plan would likely produce income and therefore produce a timber tax. The land not in the stewardship program is less likely to do that, so why aren't the figures even higher for the land that is not in stewardship?

Chairman Hamilton stated the board begins with an understanding about the income-producing capability of all land in general, which produces the forestry category and then, as the law requires, the board recognizes that the stewardship program should receive a lower assessment range, taking into consideration the increased cost of ownership of property to be in and maintained in a stewardship plan.

A brief summary of the valuation model from Mr. Dickman and Mr. Horton took place. Mr. Dickman summarized the valuation model and the rolling five-year average to avoid volatility and maintain consistency. Mr. Horton summarized the FIA (*Forest Inventory and Analysis* division of the Forest Service), which comes from a 20% inventory each year (of approximately 2,000 plots) throughout the state, resulting in a full set of inventory data every 5-years. Mr. Horton then breaks the total acres into the three categories including a growth rate and volume for each category for the year.

Chairman Hamilton explained the change in method to determine the difference between forest land and forest land with documented stewardship categories. In the past, two models were used, one using a different expense calculation for the documented stewardship program. Due to limited expense information, this year the expense information was consolidated into the forest land model and the board is recommending the application of a 40% expense adjustment for the proposed assessment ranges to recognize the stewardship program.

Chairman Hamilton summarized a proposed correction to Cub 309.04 (b)(3).

#### Other comments

Mr. McKenney stated the importance of basing this decision on real world information as opposed to choosing a percentage. He understands the board's position on the 40% decrease for stewardship but offered to assemble actual cost data related to management properties such as boundary line maintenance, management plans, land surveying costs, timber sale administration costs to the board. The board welcomed the information. Mr. McKenney referenced the comment made about forest prices going down and stated the last 7-8 years have been the most brutal economy he has seen in 39 years.

Chairman Hamilton thanked the public for coming and for their participation.

Mr. Bartlett added if expenses were being requested, the benefits should be requested as well. He asked Mr. McKenney if there was an added benefit to documented stewardship.

No further comment was received.

Chairman Hamilton adjourned the forum at 7:35 p.m.

Respectfully Submitted, Stephanie Derosier

NH Department of Revenue Administration – Municipal and Property Division

Documentation relative to the Current Use Board may be submitted, requested or reviewed by:

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Current Use Board

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